

Legislative Council Panel on Housing

Pledge to provide 50,000 housing assistance opportunities annually

Purpose

This paper briefs Members on the annual provision of 50,000 housing assistance opportunities pledged by the Administration, with particular regard to progress towards the target of reducing average waiting time for public rental housing to three years by 2003.

Background

2. During the discussion of the 2001 Policy Address exercise at the panel meeting on 9 November 2001, Members asked for information on the Government's pledge to provide 50,000 housing assistance opportunities a year. Members subsequently requested a briefing on this subject. The Administration provided an initial written response on 17 January 2002.

Overall target

3. In the 2001 Policy Address, the Government reaffirmed its policy target of providing 50,000 housing assistance opportunities a year to meet long term demand from eligible households. Out of this total, we will provide about 23,000 rental opportunities in the form of public rental flats and rental allowances. The balance of the 50,000 housing assistance opportunities will be provided in the form of home ownership assistance, whether subsidised home ownership flats, i.e. flats built under Home Ownership Scheme and similar schemes, or housing loans. These various forms of provision are further described below.

Rental opportunities

public rental flats

4. Over the next ten years, the Government will provide, through the Housing Authority, an average of about 23,000 new rental units a year (in addition to refurbished vacant flats) to meet the demand arising from applicants for public rental housing under waiting list and other commitments.

rental allowances

5. As an alternative means of providing public rental flats, the Government pledged in the 2001 Policy Address exercise to examine in 2002 the feasibility of a pilot scheme to provide rental allowances to eligible non-elderly households. The intention is to provide more choices to prospective tenants so that, when due for allocation, they may choose between public rental flats and allowances for renting flats in the private sector market.

Reduction of average waiting time

6. As a result of good progress in implementing the public housing programme by the Housing Authority, the average waiting time for public rental housing has now been reduced to below four years. Our target is to reduce this further, to an average of three years by the end of 2003, and to maintain it at that level thereafter.

Subsidised home ownership flats and loans

7. The Government operates a variety of subsidised home ownership schemes through the Housing Authority and the Housing Society. To allow a wider choice for prospective home buyers and to achieve the target of promoting home ownership more cost-effectively, the Government also provides interest-free or low interest loans to eligible families to buy flats in the private market under the

Home Purchase Loan Scheme operated by the Housing Authority and Home Starter Loan Scheme operated by the Housing Society.

Home ownership rate

8. Over the last four years, despite economic circumstances, good progress has been made in increasing the overall home ownership rate in Hong Kong from 50% in 1997 to 55% in 2001. Our aim is to ensure that sufficient subsidised home ownership flats are provided to enable eligible households who aspire to own their own homes to do so. In 2000, we reviewed progress in meeting the 70% home ownership target by 2007. We concluded that this remains a useful objective, which we hope will be achieved with improved economic conditions. The Government emphasises that it has no intention of obliging families to buy property; these are personal decisions to be taken in a free market.

Public housing production programme (2002-2003 to 2005-2006)

9. To meet the targeted provision of housing assistance opportunities, the total production of public rental flats and subsidised home ownership flats from 2002-2003 to 2005-2006 is about 120,000 units.

Chief Secretary for Administration's statement on housing

10. Since last year, an increasing overlap has developed between the target group of subsidised home ownership flats and that of the mass private sector residential market, mainly as a result of economic factors including lower residential property prices and interest rates. To address this issue, the Chief Secretary for Administration announced in September 2001 a moratorium on the sales of subsidised home ownership flats until end June 2002. Sales of subsidised home ownership flats after the moratorium will not exceed 9,000 units a year up to 2005-2006.

11. During the period of the moratorium, the Government and the Housing Authority will review three related longer-term issues: the mix between subsidised home ownership flats and housing loans; site selection criteria for public housing; and eligibility criteria for home ownership assistance.

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